

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on March 8, 2001 at 8:00 A.M. and recessed between 11:00 A.M. and 3:00 P.M. in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: Rep. Art Peterson (R)

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 456, 3/6/01, HB 376, 3/6/01
HB 8, 3/6/01, HB 6, 3/6/01
Executive Action: HB 6, HB 8, HB 456

HEARING ON HB 456

Sponsor: REP. GAIL GUTSCHE, HD 66, MISSOULA

Proponents: Kristin Page Nei, American Cancer Society
Dick Paulsen, American Lung Association
Carla Williams, OB/GYN, Helena
Jim Campbell, Montana Catholic Conference
Carol Pearson, American Cancer Society
Lois Fitzpatrick, representing herself
Sami Butler, Montana Nurses Association
Martha Findy, representing herself

Opponents: None

Opening Statement by Sponsor:

REP. GAIL GUTSCHE, HD 66, MISSOULA said HB 456 provides eligibility for Medicaid for individuals who have participated in the Montana Breast and Cervical Health Program and who require treatment for breast or cervical cancer, or both; providing an appropriation from the income on the Tobacco Settlement Trust Fund. Key provisions of the federal legislation include that states who wish to participate must include a new eligibility group under Medicaid in order to trigger the federal funds that are available. It is an 80/20 match which is 80% funding from the federal government and 20% from the state of Montana. It is required that individuals must have been screened through this program and it is set up for women who are 200% or less of poverty. Women treated under this bill cannot have other creditable insurance; this means they can't be covered by private insurance that covers this treatment. They must be under 65 years of age. The Montana Breast and Cervical Health Program began in 1997 and through 2000 there have been 2,500 women screened under that program. Breast cancer has been found in 45 of them, and 3 of them have cervical cancer. This program does not provide treatment, and HB 456 would close that gap.

Proponents' Testimony:

Kristin Page Nei, American Cancer Society said they support HB 456. It is projected in their annual publication "Cancer Facts and Figures" that 600 Montana women will be diagnosed with breast cancer in 2001. A projected 100 women will die from breast cancer. By encouraging early screening, HB 456 will help the American Cancer Society reach one of its major objectives which is to reduce the mortality and incidence rates for breast and cervical cancer by 2015. There are 7,000 women in Montana that

fit the eligibility criteria to be screened under this program. They are not currently being assisted by the state; they just can't afford to pay for treatment. Several testimonies and other informative material were passed around. **EXHIBIT(aph53a01)** from Lynn Russell, **EXHIBIT(aph53a02)** from Mary Sukovsky, **EXHIBIT(aph53a03)** from Patsy Fribley, **EXHIBIT(aph53a04)** from Barbara Lloyd, M.D., **EXHIBIT(aph53a05)** from Barbara Andreozzi.

Dick Paulsen, American Lung Association said he has had many years of working with public health and he started the breast and cervical cancer program. He said he is here on his own today. Public health education is very important; it is difficult to convince women to get screening when they don't have money for treatment. The money for screening was there, but the problem was that payment for treatment was not available. A delay in treatment means that survival chances go down.

Carla Williams, OB/GYN, Helena said she served on the advisory board of the Montana Breast and Cervical Health Program. She said it had been very frustrating to be able to screen women but not be able to treat them. They are left with no options if they need treatment, and it is unethical not to be able to offer treatment. Cervical cancer affects one out of 70 women; breast cancer affects one out of eight women. An important issue is that pap smears have allowed early detection, and cervical cancer is not only treatable, it is 90% curable. Breast cancer is becoming more and more curable. The inability to pay still continues to cause many women to defer care until there is a crisis. The approximate cost of this program has been provided, but it is impossible to calculate the savings involved by keeping these women productive in the work force and in their homes. The majority of these women are working, but because of loopholes they don't fit into Medicaid criteria or Medicare because of age. They can't afford private health insurance. The cost of treating a pre malignant lesion is negligible; just a few hundred dollars versus several thousand dollars for treating a malignancy. Cigarette smoking and tobacco use is a major risk factor for cervical cancer and other cancers. At this time it is the only modifiable risk.

Jim Campbell, Montana Catholic Conference volunteer said we have the chance to offer the miracle of good health by giving someone a treatment they can't afford to pay for.

Carol Pearson, representing herself presented written testimony, **EXHIBIT(aph53a06)**, which she followed in her remarks about her struggle with cancer. She urged support of HB 456.

{Tape : 1; Side : B}

Lois Fitzpatrick, representing herself said she supported HB 456 because it is important to everyone, not just to women. She said she is a cancer survivor too. She had health insurance and did not have to worry about how to pay for treatment, she could concentrate on getting well. Many women do not get health screenings because they are afraid of the results and can't afford treatment. No one knows what the treatment will be until after the surgery because it depends on the stage of the cancer, the cancer site, the age of the woman, etc.

Sami Butler, Montana Nurses Association said it is unethical to screen for a disease and not offer treatment that can cure it, lengthen life expectancy and decrease suffering. Nurses across Montana support HB456.

Martha Findley, Breast and Cervical Health Program said she is here today on her own time. She is project coordinator for a five county area. The medical providers have been wonderful in taking these women when they can't pay. The problem is that there are many other issues when a woman gets breast cancer. She can't work, she is getting chemotherapy, radiation, she can't pay her electric bill or put groceries on the table. All these components would be eradicated if there were treatment. It does not involve large numbers of women. Last year there were only four women in her program that had breast cancer.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. FISHER asked what Congress passed to help with this concern. **REP. GUTSCHE** said it is the federal act that actually allows states to do this. Almost every state is in the process of passing this legislation. **REP. FISHER** asked if Congress will now pay 80% of the treatment for these diseases. **REP. GUTSCHE** said Congress passed the act, but in Montana the federal government will pay 80% and the state needed to match with 20%. This bill suggested the match be made with interest off the tobacco trust fund. A woman has to have been diagnosed by being screened by the Montana Breast and Cervical Cancer Program after being determined eligible for that program at 200% of poverty. They have to be uninsured or their insurance coverage does not include treatment for breast or cervical cancer.

REP. KASTEN asked how they came up with 200% of poverty. He said that covers 75% of the population in his rural area. **REP. GUTSCHE** said eligibility is based on HICFA guidelines and is in section 4 on the last page of the briefing guide. Eligibility was established through the state's cooperative agreement with the

Center for Disease Control which is the funding agency for our Montana Breast and Cervical Cancer Program.

REP. FISHER said this is a good program, but with mental health they found it made too many people eligible and they got in trouble that way. **REP. GUTSCHE** said the materials contain predictions that 25 women a year will be found to have one of these cancers through the program. There probably won't be huge numbers of women, but the concern is the high cost of treatment. It is \$25,000 for breast cancer and \$16,000 for cervical cancer.

REP. JAYNE asked if Montana had to fund the 20% in order to get the 80%. **REP. GUTSCHE** replied yes. **REP. JAYNE** asked how much was in the trust fund. **REP. GUTSCHE** said cumulative interest for 2002 is over \$1 million; for 2003, cumulative interest is almost \$3 million. **REP. JAYNE** asked if information was available as to how the state is using the interest. **REP. GUTSCHE** said the Montana Code stipulates the interest can be used only for tobacco disease prevention programs and state programs providing benefits, services or coverages that are related to the health care needs of the people in Montana and may not be used for other purposes.

Closing by Sponsor:

REP. GUTSCHE said there are currently 7,000 Montana women who could possibly benefit by being screened through this program. That is not women who would be treated, that is just Montana low income women who are uninsured, 200% of poverty and under the age of 65. The small cost of \$129,270 for 2002 and \$258,540 for 2003 will help a lot of women. If we don't treat these women, we might end up with more women on Medicaid who are unable to work and contribute to society. It should save us money in the long run. About 600 women a year are being diagnosed in Montana with breast cancer. About 100 of those women will die each year. It is unethical to say who is eligible for treatment and who is not, and these women have nowhere else to go.

HEARING ON HB 376

Sponsor: **REP. MONICA LINDEEN, HD 7, HUNTLEY**

Proponents: **None**

Opponents: **None**

Opening Statement by Sponsor:

REP. MONICA LINDEEN, HD 7, HUNTLEY said HB 376 will create an office of information technology in the office of the Governor,

providing for a state information technology policy, establishing a board of information technology, and transferring information technology planning and policymaking functions to the office of information technology. She handed out "Unified Information Technology Budget - FY 2000 Actual Expenditures and Funding", **EXHIBIT (aph53a07)**. Over the last few years, state government has wasted millions of dollars on information technology because of a lack of policy, a lack of coordination and understanding. This problem was looked at during the interim and research was done on what other states are doing. Arizona, North Dakota, South Dakota, Utah, Washington and Wyoming were studied and they have all elevated the importance of information technology planning and policy functions to the Governor's staff, cabinet or advisor level. Many options were presented: maintaining the status quo, developing an entire new information technology department, a new governance board, an information technology office underneath the Governor's office. That is what this bill does. In making this change, the staff recommended that there should be three major governance components. The legislature should enact legislative guiding principles; there should be a real governance authority which should include an office of information technology in the Governor's office, there should be a broad based advisory board that included representatives of all three branches of state government, (federal and local government, private business, and the legislature); the legislature should provide oversight of state information technology by assigning the interim oversight duties to an existing interim standing committee. This bill sets up a process wherein government agencies and departments are required to give their information technology plans to this department before the budgeting process so those plans can be coordinated with state government's goals and plans. It formalizes the process of information technology planning.

Proponents' Testimony: None

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. TROPILA said he remembered the Y2K scare and the struggle they had. They suggested at that time that there should be a computer guru for the state. He said he is glad to see this bill come forth. They need someone who is knowledgeable so they can get better prices when they purchase computers in a group, and so the computer systems can be compatible with each other. He urged support of the bill.

REP. CALLAHAN asked if the intent with this legislation is to have a central place for all departments to come with their plans

for technology information to coordinate those efforts. **REP. LINDEEN** said that is correct. Once the guidelines are set, any purchases will have already been okayed within the planning process. The chief information officer will have the knowledge about technology, contracts, what is needed and what isn't, and will have the authority to look at an agency or a department and say no, you can't do it. In the long run, this will save the state millions of dollars.

REP. KASTEN said the financial statement indicated 12 FTE's, and asked if the FTE's could be taken out if the bill was passed, realizing they should get a guru in first to decide how many employees they need. **REP. LINDEEN** said she did not sign the fiscal note as she did not agree with it. Her intention was that you would transfer existing FTE's from the information services division of the department of administration into the governor's office of information technology, except for the chief information officer. There would be no net gain of employees, except for the chief information officer. The director at ISD (information services division) would have to be maintained, and you couldn't transfer existing FTE's and resources at the same level in order to hire a chief information officer at the salary you would need. There would be a net gain of one FTE, but in considering the millions of dollars that were wasted in the past, it would be worthwhile. In the department of justice, each agency and department in state government has their own information technology bureau that deals with these issues. They already have people doing planning, they would not need two more FTE's.

REP. WITT referred to operating expenses of \$40,000 the first year and \$36,000 the second and the purchase of new computers. Couldn't the computers be purchased from property surplus for considerably less? He also referred to the subcommittee that will be set up in the legislative finance committee and asked how much travel would be involved. **REP. LINDEEN** said she thought those resources could be transferred. The board that exists now is information technology advisory council and they would be renaming that board and adding legislative representation. It is not creation of a new board; it is just expansion for legislative oversight. The legislative finance committee always creates interim subcommittees, and travel would be addressed in their regular visits to Helena for that legislative finance committee meeting. There would not be any additional travel expense.

REP. KAUFMANN said she is uncertain about the current structure. ISD is within department of administration. Would that entity still exist and is it your contention the problem is that they have not been driven by policy, more by technological decision making. **REP. LINDEEN** said information services division would

end the department of administration which has complete control over information technology changes and purchases for state government. This bill would separate the policy making function out of information services division. It is best to get input from those who are working on a day to day basis with technology as far as what they feel that they need, but based on experience, it is dangerous to allow them to make the decisions because it will always cost more money. **REP. KAUFMANN** asked if there are other ideas in other bills to solve the problem and why is this idea best. Does the governor's office like the idea? **REP. LINDEEN** said SB 131 is the same, but it creates a department within a department. It leaves function within the department of administration. It is a policy decision for this legislative body to make. She said she met with the governor and they have agreed to disagree for the moment, and that makes it difficult.

REP. FISHER asked if this group would fit within the existing organization. Why is the university system excluded from this?

REP. LINDEEN said the university system is currently tax exempt. Section 10 of the bill provides for statutory exemption to the office of public instruction and the university system unless the actions of the university system or OPI would affect the central computer or the state network. It is a constitutional thing.

REP. BRUEGGEMAN said this is an important piece of legislation, whether or not this is the vehicle we are going to use to consolidate information technology in state government. We are losing a lot of money because we did not have a coordinated effort in the past and the staff who understand what it takes to put together a realistic contract. He referred to the short title on line 21 of page two and asked whether this would be considered more procedural or substantive law. **REP. LINDEEN** said she hadn't put a lot of thought into that and they could visit about it.

REP. JAYNE asked how many members ITAC has. **REP. LINDEEN** said there are nine or ten at the moment. **REP. JAYNE** said the bill provides for 17. Will some of the previous members be on the new board. **REP. LINDEEN** said she thought some of the existing members would serve on the board. The expansion would come from private industry as well as legislators and federal government. **REP. JAYNE** asked if there was a possibility of working together with **SENATOR TAYLOR** and agreeing on one bill. **REP. LINDEEN** said she had advocated that from the first week of the session and would be willing to work toward that. She said that what mattered was good policy that would save the state money.

REP. MCCANN asked if it would be appropriate to fund this with general service rates rather than general fund. **REP. LINDEEN** said she had no problem with that. Other than the chief

information officer, these positions could be funded with existing resources and FTE'S in information services division and transferred over. They would then be financed through existing proprietary rates. We could also increase the rates to pay for the chief information officer as well.

REP. LEWIS referred to section 7 on page 4. This office plans and coordinates, doesn't have any real responsibility, and attends eight conferences a year. It seems that for a fiscal note of \$200,000 you don't get much. He suggested that an amendment putting their name on all contracts for information technology services and approving all major equipment purchases would make them more responsible. *{Tape : 2; Side : B}*. **REP. LINDEEN** said that unless she misunderstood it, the office and the actual responsibilities would lie within the chief information officer. The board is more of a governance board who would meet and suggest certain things. **REP. LEWIS** said perhaps this should be tightened up to say if you are going to buy another point system or another computer, this person has to put their name on it. Then when the legislature comes back, there is someone to call up in front of this committee and ask questions of. There isn't enough responsibility to make it work well. **REP. LINDEEN** said that would be fine.

REP. JAYNE asked why couldn't the existing ITAC board do this. Do they need a separate group to make the business decisions and another group to make the policy making decisions. **REP. LINDEEN** said that is always an option. It is a policy decision that the state needs to make. For example, look at the office of program and planning. When the director says that all state agencies have to have their budgets in by a certain time, there is a level of authority that comes with the visibility of that office being attached to the governor's office. That is what she is trying to achieve with the chief information officer.

REP. HAINES said he was concerned about having 17 members on the board. A board could be put together representing some part of that spectrum, then as other questions arose you could subpoena or by other means have people come before a five member board and present information. 17 people present so many opinions you spend all day trying to figure out what to talk about. He would support more definition, toughening the position of chief information officer by putting more authority into it. This person should have some of the same authority as the budget director. **REP. LINDEEN** said she is always willing to listen to other options and see if they can decrease the size of the board. She will try to come up with an amendment to please everyone.

REP. HAINES said he watched the forest service putting in their present system. They tried big boards and less participation and someone finally came in and said this is the system we are going to have. Some of the needs would have to be adapted to the system, rather than vice versa. He said that is why he is concerned about having 17 members. It is not always practical to have everyone's views represented. **REP. LINDEEN** said that is what is happening now; each department and agency is promoting what they feel is best for their information technology needs and presenting that case to a subcommittee. But there is no coordination of those efforts statewide to make sure we are basing decisions on statewide policies and standards. This is only an advisory board, and the chief information officer will make the final decision. The board is important to be able to listen to all sides of the story. **REP. HAINES** said there is no question about hearing everyone's view, he was just concerned about at what level they have input into the process.

REP. LEWIS said his concern is that the chief information officer is only a developer of plans and a coordinator of information. If that person is going to be held responsible for development of information technology in the state, they have to have the authority to say yes or no. That is what is missing. **REP. LINDEEN** said she thought they had put enough authority in, but she would be willing to look at more authority for that position.

Closing by Sponsor:

REP. LINDEEN said there is value in this idea, this has happened over time and she said she respected everyone's position on where we should move forward with this. It is important that we make a change, whatever vehicle is used. Unless change is made, all that happens is a shift of money from one place to another. The amount of money that is spent can be decreased by smart business practices and policies. That is what we need to be looking at.

HEARING ON COMBINED HB 6 AND HB 8

Sponsor: **REP. MATT MCCANN, HD 92, HARLEM**

Proponents: **John Tubbs, Department of Natural Resources & Conservation**

Opponents: **None**

Opening Statement by Sponsor:

REP. MATT MCCANN, HD 92, HARLEM said these are the first bills they have brought from the long range building committee into

House Appropriations. Committee members are Analyst Brian McCullough, Assistant Director Budget and Program Planning Jane Hamman, **REP. VICK, REP. KASTEN, SENATOR KEENAN, SENATOR BECK and SENATOR TESTER.** HB 6 and HB 8 are renewable resource projects across the state. He referred to the assembly sheets entitled "Renewable Resource Grant and Loan Program", **EXHIBIT (aph53a08)** and said the sheets explained what the projects are in priority order across the state. Within the table, HB 6 projects are on the left side, and HB 8 is on the right. HB 8 is the loan component to these projects. HB 6 is a cash component to the water, sewer and irrigation projects that are funded within the bill. In the \$100,000 grant component to HB 6, there are about \$4.5 million in grant funds across the state. The loans are collateralized in HB 8 by the coal severance tax revenue stream. This is one of the few programs that reaches out and provides a real stimulant to Montana.

Proponents' Testimony:

John Tubbs, Department of Natural Resources & Conservation (DNRC) said he worked with the administration of grant and loan programs focused on natural resources. They work closely with the Treasure State Endowment Program (TSEP) which is focused on infrastructure, the economics and public human health and safety aspects of these projects. Often the same projects have both benefits, so water and sewer projects are found throughout the list and many of those are matched by TSEP grants as well as loans at the local level. DNRC is providing money because of their strengths with improving water quality or water use efficiency. Treasure State Endowment is providing funds because of high user rates, the needed infrastructure. All of the grant sponsors had the opportunity to appear before long range planning subcommittee. He said they are now relying on him to carry the weight of this bill, as they have already had their say from a proponent standpoint. DNRC did not feel it was necessary to fill the room with proponents because of the strengths of the projects themselves. Long range planning made the decision that their first priority is moving dirt and building projects, and other projects were reduced by 25% from the \$100,000 recommendation. This was a good decision which freed up more money for projects. Future planning studies will not exceed \$75,000.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. LEWIS asked for clarification. You have funded all projects down through #46 with cash. What happens with HB 6 for the rest of the projects. **John Tubbs** said the ones that remain, #47

through #62 are authorized for appropriation, but they have no revenue to spend. If a project does not proceed, the money for that project authorization moves down the list, and the next one to be funded would be #47, Laurel, etc.

REP. WITT asked about the Bair Dam Rehabilitation Proposal, #1 on exhibit 8. Is this an ongoing three year project? **John Tubbs** said that project will be a one time construction at the dam. There is a loan component, and they are borrowing \$988,000 over 20 years. **REP. WITT** asked if this was in the last session. **John Tubbs** said Bair Dam was awarded a planning engineering appropriation last session to do the design, and now they are before us for the project.

REP. FISHER asked where the funds were coming from for this. **John Tubbs** said the grant funds were interest revenues generated from the nearly \$100 million Resource Indemnity Trust (RIT) which generated \$7.5 million of interest per year. In the renewable resource projects there was an earmark for grants of \$4 million and the committee reached beyond that by \$500,000 to fund the projects through Charlo, #46. **REP. FISHER** said the trust threw off \$7.5 million, and we gave \$4 million away for grants. Where does the other \$3.5 million go. **John Tubbs** said it is \$15 million over the biennium, and HB 6 is a biennial expenditure of \$4.5 million. Working off the \$15 million figure, there is another \$3 million earmarked for reclamation development grants. The committee reached out and was able to fund \$4.1 million there. It totaled up to \$8.6 million in grants between renewable resource grants and the reclamation development grants. The remainder is expended in HB 2 for agencies appropriation.

{Tape : 10; Side : A}

REP. FISHER asked if these are supplemental to normal budget requests for University of Montana and some other agencies. **John Tubbs** said they are special projects. In the case of the University of Montana, they are doing a study at Whitefish Lake. **REP. FISHER** said he noticed there was \$100,000 in there for married student housing irrigation project at Montana State University.

REP. BUZZAS asked if the RIT had a cap. **John Tubbs** said yes. It will reach \$100 million and it was a legislative choice to allocate the tax for three purposes. Last session they allocated it to the groundwater assessment program run by Montana Tech to fund reclamation development grants for mineral projects, and the other portion goes to orphan share projects that remediate contaminated sites. The tax is set to clean up projects because

of mineral reclamation problems or because of other contaminants. There is other legislation that may change that.

REP. HAINES said they did something specifically with Bair Dam and Nevada Creek Dam, are we duplicating anything with this request. **John Tubbs** said HB 2 appropriated for rehabilitation of Bair Dam and it is part of the total funding package for that project. There is no duplication. That account is a dedicated revenue stream for the repair of state owned dams. The \$100,000 here is in addition and goes to the total project cost.

REP. WITT referred to the emergency situation in Conrad. Did they apply for some of that funding and they were rejected, or were they too far down the ladder? **John Tubbs** said that within the \$4.5 million we have been talking about, we have \$100,000 for private grants and \$125,000 for emergency funds. That has been consistent over the past ten years in addition to the project list. During the drought of 2000, the city of Conrad realized that their outlet works were going to fail them and they couldn't get water, so their solution was to dredge the outlet works. They contacted a dredge unit and had it shipped from Glendive before they knew how they were going to pay for it. That is a good indication of an emergency. DNRC was able to award the city \$30,000 to help defray the \$47,000 cost. They want to do a new project that will move their intake facility from the current outlet works into a deeper part of the reservoir at a cost of \$4 million. They have asked for a special grant because they missed the deadline to apply. **REP. WITT** asked if one of **REP. LINDA HOLDEN's** bills had \$150,000 in it. **John Tubbs** said she had a second bill to add an emergency fund to the Treasure State Endowment Program.

REP. JAYNE asked about section 7, page 5, line 20-26 of HB 8. Are coal severance tax bonds part of the permanent trust fund or part of the interest? **John Tubbs** said he would explain how they do the coal severance tax bond program. There are five accounts within the coal severance tax trust. When 50% of the coal tax comes in, for example \$16,600,000, the first place it is deposited is in the coal severance tax bond fund. The DNRC sells a state bond, backed by the revenue deposited into that account. Total debt is about \$16.1 million paid annually. Borrowers repayment covers all but \$600,000 of those expenses and the interest rate is subsidized on loans in HB 8. The subsidy money comes from deposits into the bond fund. Each year we are taking about \$500,000 to \$600,000 out of the coal severance tax trust fund and making a bond payment. That reduces the revenue stream from \$16.6 million to \$16 million and under current statute is divided 3/4 into Treasure State Endowment Program or \$12 million, and 1/4 into regional water system fund or \$4 million. They

actually use deposits of the coal severance tax into the trust fund to defer some of the debt service payments for these communities. This bill requires a 3/4 vote of the whole House.

REP. FISHER asked for clarification. Since it is the full revenue that secured the bonds, if someone wanted to take money out of the trust, it would not impact the security for the bonds. Is that right? **John Tubbs** said that is correct. It is critical to the bond program. If we secured our bonds against the principal of the trust we would limit the interest earnings of the trust to the interest rate on our bonds.

REP. BUZZAS said the principal of the trust is our collateral on those bonds, it is what we back our bonds with. Is there a relationship? **John Tubbs** said no. It is strictly the deposits, the \$16 million, the \$16.6 million that we back it with.

CHAIRMAN VICK said if we had a decrease in the amount of coal mined it would impact, because that is where the flow comes from. Is that correct? **John Tubbs** said we are coming close to the capacity of the coal severance tax bond program. We have the capacity to issue the bonds for the loans in HB 8, we have another year's capacity in the future, but we are limited by the revenues of the coal tax. We took a substantial hit when the tax got cut from 30 to 15. If we were to stop mining coal in Montana, we would stop issuing these bonds. **CHAIRMAN VICK** asked how much the RIT tax generated in a year. **John Tubbs** said the interest earnings from the trust are about \$7.5 million a year, the tax is about \$2.8 million a year. **CHAIRMAN VICK** said that now that the trust is full, are there restrictions on how that money can be spent. **John Tubbs** said yes there are. Under statute once we reach \$100 million, \$366,000 a year will be provided to the groundwater assessment program of the Montana Bureau of Mines. Of the remaining dollars, 50% will go into HB 7 grants for reclamation projects resulting from mineral damages. It is a very narrow use of those tax dollars for reclaiming lands damaged by mineral extraction. The other half is to be deposited into the orphan share account that the DEQ administered for the remediation of projects and contaminants, state super fund sites. Those could range from dry cleaner solvent problems to mine reclamation projects. That is what those funds are currently allocated for. There are two bills this session that would create two other purposes. **CHAIRMAN VICK** asked how we were able to pay for **REP. KAUFMANN's** amendment for an FTE on a water project with this money. **John Tubbs** said in addition to the resource indemnity ground water assessment tax there are metal mines taxes deposited into these same special revenue accounts and there are the interest earnings of the trust fund itself; the \$7.5 million a year deposited. In total our grants only use \$8.6

million of the total funds over the biennium, \$15 million in interest and another \$4 million to \$5 million in taxes. Essentially \$20 million of revenue. The balance is being appropriated in HB 2 for a variety of purposes between natural resource agencies. There are statutory restrictions to parts of the earnings. Eventually the remainder is divided on a percentage basis, placed in a state's special revenue account, and appropriated as seen fit by this committee.

REP. KAUFMANN asked about #48 on the list, which is Montana State University Married Student Housing Irrigation. Would we be paying to water lawns if we funded that? **John Tubbs** said Married Student Housing owns a ditch that is several miles long and they irrigate all the lawns in that area. It is an eligible project and is technically feasible, but they did not see it as a priority use of these funds. It does save a considerable amount of water that they divert. The real reason for just doing it is that in the first year they estimate the savings to be over \$90,000 in electrical pump costs. **REP. KAUFMANN** asked if there is a conservation value to watering lawns. **John Tubbs** said the conservation value is that they have quite a bit of loss over the several miles of ditch, and their proposal is to pipe that water and put it out through sprinklers. The other thing is that because they are hand lines, they have to be carried around and they tend to leave the water running.

REP. KASTEN asked about the source of the RIT funds. Fish, Wildlife and Parks Department is the recipient of some funds, are they restricted? In looking at their funds, they seem to have a lot of funds in different areas. Why do they receive funds from RIT? **John Tubbs** said that had never happened before, the allocation was made through legislation earmarked in the 1999 session. They are taking \$500,000 per year which is dedicated for restoration projects and purchases of habitat lands for the protection of bull trout and cut throat trout. The purpose of the bill was to stave off the listing of those two species from the endangered species list. The argument was that if they didn't spend the money and they were listed, that the timber industry, the mining industry and other industries that rely either on disposing of pollution into our rivers or taking water out of our rivers would come to a screeching halt. It is not a study; it is required for on the ground work.

REP. WITT asked what the process was to move up in priority. Was this an unusual circumstance? **John Tubbs** said the department ranked it and recommended it to their agency's director. They reviewed it and it moved quite a few steps down from where it was last spring. Then they went to the governor's office and they concurred with the department's recommendation. Finally this

legislative body set the priorities by passing HB 6. Once HB 6 was passed and signed, the priorities were set. If a project does not proceed, the \$100,000 would be moved down to the next project. Laurel is below the funding line. Should any project not move forward in the biennium, they would take that money and move it into the Laurel project. **REP. WITT** asked how many usually drop out. **John Tubbs** said there are usually one or two.

REP. TROPILA asked if #22 is the McCann Ranch irrigation out of the Milk River. **John Tubbs** said **REP. MCCANN** is an irrigator on the Milk River and thought highly of that project. If it weren't for the Saint Mary's diversion, the Milk River would go dry quite early and there would be no irrigation. This legislative body ought to look to the North. The Milk River irrigators are hearing figures of anywhere from \$100 million to \$200 million to rehabilitate Milk River/Saint Mary's diversion system. There is a diversion dam near Glacier Park, two huge siphons, and 100 miles of canal which is the life blood of that whole economy and it is failing. The federal government will share in the cost of that rehabilitation, since it is a federal project. This state has to look forward and anticipate how we are going to deal with the economy on the hi line. **REP. TROPILA** said he agreed that was an important project, probably more important than highway two.

REP. BUZZAS asked about the screening process. What is the criteria? **John Tubbs** said there are three basic things: 1)a financially feasible package with all the funding to proceed, 2) they don't cause significant adverse environmental impact, and 3) that it has the technical feasibility, i.e., they did a good job of looking at alternatives. Successful recipients will know what they are going to do, how they will approach it, and have the management team together to do it. After that criteria is met, they go into the core of the program, the renewable resource benefits. Those are divided between resource conservation, management and protection. The statute guides them to look at how they are conserving water and how they are protecting water quality, whether they are developing water or improving the management of that water.

Closing by Sponsor:

REP. MCCANN said they brought the bills and they are asking the committee to concur. They have made some amendments and the list had been amended also. If the committee agreed with the list of projects, exhibit 8, then you agree with the bill. It is the same. The committee tried to be very fair about recognizing projects needed for communities.

{Tape : 3; Side : B}

CHAIRMAN VICK said the committee would take the rest of the morning off so they would have time to look through the bills they heard earlier and do executive action on them later this afternoon. They will meet again at 3PM and will take executive action on HB 6, HB 8, and HB 456. HB 177 and HB 348 will also be up for consideration if they can get the amendments ready.

Meeting recessed from 11:00 A.M. to 3:00 P.M.

EXECUTIVE ACTION ON HB 6

REP. MCCANN opened by saying that the reason for the executive action being temporarily delayed is that he was approached by the community of Hobson. The town of Hobson had shallow wells and had been working with DNRC to rectify this problem. Initially they tried to approach it with an emergency grant of \$30,000. When they realized the project was more involved, they hauled water all summer and put the project off. They approached DNRC to come up with a more long term solution and drill a deep well. The original grant was \$40,000 to pay for the well. They have concerns with the affordability of that because some taxpayers in the community have drilled deep wells and others have been satisfied with a shallow well. In fairness, we need to put \$10,000 into HB 6 to bring up the state participation to a level that is reasonable.

Motion: **REP. MCCANN** moved that **HB 6 DO PASS.**

Motion: **REP. MCCANN** moved that **CONCEPTUAL AMENDMENT TO HB 6 BE ADOPTED.**

REP. MCCANN said his amendment is to add \$10,000 to HB 6. The \$10,000 would come from excess RIT that exists, rather than moving Charlo down below the line. In fairness to the project that exists, the hearings that have taken place, the impressions that people have in their minds as to where their projects are at, that would be the best way to approach the project.

REP. TROPILA asked if \$10,000 is enough since that area is so dry. **REP. MCCANN** said it is a difficult decision to make, in being fair to all communities across Montana. Hobson has a diverse community and they have some degree of reserve to address their water concerns. In balancing this out, the mayor would like to see \$60,000 or \$70,000 come out of this committee. **REP. MCCANN** said his suggestion is to raise it by \$10,000 because they don't even have a bid on the well yet.

REP. BUZZAS asked if this is an addition to #38 in our list of projects. **REP. MCCANN** said yes it is. Their initial request was

\$70,000. They were approved for \$40,000, and the amendment asks for another \$10,000.

REP. KASTEN spoke in support of the amendment.

Motion/Vote: **REP. MCCANN** moved that **CONCEPTUAL AMENDMENT TO HB 6 BE ADOPTED**. Motion carried unanimously.

REP. KASTEN said that in light of testimony from **John Tubbs** about watering the lawns at Montana State University (MSU, he would move to place Malta in #48 space and switch places with MSU.

Motion: **REP. PATTISON** moved that **CONCEPTUAL AMENDMENT TO HB 6 BE ADOPTED**.

CHAIRMAN VICK asked **John Tubbs** to explain why MSU would be ranked higher than Malta on something like that. **John Tubbs** said the folks in Malta are very straight forward and turned in an application that was very understandable from an irrigator's perspective, but from a competitive standpoint it was not complete. They want to repair check structures, and there are efficiency gains that go into that. They could see them; they took a photograph to show they need to be replaced. But from a competitive application cycle when you have to go through 70 applications, their application suffered from detail and lack of alternatives. They didn't get into the water savings. Essentially all they turned in was a small application that asked for the dollars.

REP. WITT said small water projects and water districts do not have the necessary engineering ability. Is that weighed in your decision process? **John Tubbs** said it is, in fact they have project planning dollars to cost share in the engineering and design. He said he spoke about this problem at the Montana Water Resources Association annual meeting and discussed how irrigation districts have tremendous projects but they need to tell their story when they are in a competitive cycle. He said he could not ignore the fact that the communities are turning in very good applications that are well done when they do their review. **REP. WITT** said the need of irrigation in an area like Malta far exceeds the need for water at MSU.

REP. BUZZAS asked for more information about the MSU project and where was it ranked initially. **John Tubbs** said being #48 out of 71 is not a high ranking. The proposal was technically feasible, it did say why, it did replace a ditch that caused a lot of problems, it saved a tremendous amount of energy, and from program standards, it did a lot of things. He said he couldn't look at who the applicant is all the time and tell them to pay

for it themselves. The resource benefits are real. What they are doing is converting the MSU family and graduate housing irrigation system from city of Bozeman water to a ground water supply. They are currently drawing water out of the same source of water that the city of Bozeman gets over a long canal where they lose water, then they irrigate grass around married student housing. They propose to drill a well, put in an underground sprinkling system and irrigate it. One of our concerns was the very conversation we are having now. They are an eligible project that was technically feasible and we ranked it and put it before you. The fact is that the savings in the first year could pay for the project, so we hope they proceed with it.

REP. HAINES asked if the Malta District would have an opportunity to upgrade their application before the next round of decisions are made. **John Tubbs** said yes, they would. **REP. HAINES** asked if there is money to help them prepare that application. **John Tubbs** said in HB 6 there is a \$300,000 appropriation for project planning grants for that purpose. **REP. HAINES** said there is probably not much need to worry about them if they have a chance to do their homework because they might have a better chance next time around than if we just moved them up where MSU is now. Is that a fair assumption? **John Tubbs** said the current motion would increase their likelihood of funding this session. There is the potential that several projects won't move forward and if they are positioned where MSU is, they are more likely to get the money than MSU would be if the motion passed.

REP. JAYNE asked if the amendment would place Malta higher than Glen Lake. **John Tubbs** said that it would. **REP. JAYNE** asked if individuals from the Glen Lake Irrigation District know what priority they are on this list. **John Tubbs** said yes. **REP. JAYNE** commented on the motion. We should take Glen Lake into consideration in this motion. If the individual irrigators at Glen Lake are depending on being next, this order should be kept the way it is.

REP. MCCANN spoke about the grants below the funding line. In committee action they typically listen to testimonies and sometimes have a totally different perspective on a project than DNRC. He said in looking back that there wasn't any real thought given to the projects that sit below the funding line. When they got done with what they were all comfortable with, they weren't concerned about who was next in line because they had extended themselves to fund as many communities as they could. Malta does have a fair project in all fairness, but they need to be more sophisticated in their process. As far as the order that exists, it is a random order at this point. We are basically fighting over any money that may be left if projects don't go forward.

REP. CALLAHAN said he would support REP. PATTISON's motion to move Malta up. Glen Lake stays #49, no matter what you do.

REP. PATTISON closed by saying he hoped they would support the amendment to move Malta to place #48 on HB 6 and move MSU down.

Motion/Vote: REP. PATTISON moved that **CONCEPTUAL AMENDMENT TO HB 6 BE ADOPTED. Motion carried 15-3 with Haines, Kaufmann, and Vick voting no.**

{Tape : 4; Side : A}

Motion: REP. MCCANN moved that **AMENDMENT HB000601, HB000602, and HB000603 TO HB 6 BE ADOPTED.**

CHAIRMAN VICK clarified that these amendments just make it look like the project list, exhibit 8. REP. MCCANN said that is correct. He handed out Amendment HB000601, **EXHIBIT(aph53a09)** Amendment HB000602, **EXHIBIT(aph53a10)** and Amendment HB000603, **EXHIBIT(aph53a11)**. Legislative Staffer Brian McCullough said this provides the funding relative to reclamation development funds, and the second amendment adds a provision for the legislature to follow up and review projects that have not moved forward.

Motion/Vote: REP. MCCANN moved that **AMENDMENTS 601,602,603 TO HB 6 BE ADOPTED. Motion carried unanimously.**

Motion: REP. MCCANN moved that **HB 6 DO PASS AS AMENDED.**

REP. MCCANN said he believed the committee tried to be fair to all communities across Montana.

Motion/Vote: REP. MCCANN moved that **HB 6 DO PASS AS AMENDED. Motion carried unanimously.**

EXECUTIVE ACTION ON HB 8

Motion: REP. MCCANN moved that **HB 8 DO PASS.**

Motion: REP. MCCANN moved that **AMENDMENT HB000801 BE ADOPTED.**

REP. MCCANN said HB 8 is the loan component to HB 6. Amendment HB000801, **EXHIBIT(aph53a12)** and HB 8 Summary, **EXHIBIT(aph53a13)** are in your folders. If you followed the projects across on the new loan applications, you would see how they complement projects in HB 6. There are total new loan applications for \$6.9 million. These loans are to be repaid by these districts or communities

and a lot of them come back down to the rates that farmers and ranchers pay in irrigation rates or fees to their districts. We had a lot of discussion on the loans we were asked to consider, as well as the district waste water loans. There is more than one type of loan going out into these communities. In recognizing that you can only pay so much in sewer or water rates, they tried to craft loans that the people in Montana could actually pay. In doing that, they recognized they had to make some adjustments to other past loans. They have re-authorized loans and adjusted some interest rates to be fair and recognize that the commodity prices and cost of running these projects in some cases exceeded the ability to pay back the loan. In the process of writing some of these loans down, they are reaching into the stream of the coal trust revenues coming into the coal trust and taking \$500,000 to \$600,000 out of that stream and using that to offset. They are subsidizing some of the loans so the projects can happen.

REP. FISHER asked if all the loans and available grants have been maxed out. If we can get more out there and put more people to work, it is a shot in the arm to the economy. **REP. MCCANN** said they are maxed out on HB 6 which was the grant component of the project. We would not want to address other infrastructure concerns in HB 8 than what it is being used for now. We are running out of loan authority, because there is only so much revenue coming into that coal trust to collateralize it.

REP. BUZZAS commented that Malta Irrigation District is doing well in HB 8. **REP. MCCANN** said Malta is exclusively a federal government reclamation project. Their assessments are way beyond what they have the ability to pay. He noted last session that Malta would not be able to make loan payments at the rate the loan was written and the loan was not good for the community. He brought it up this session and asked that something be done, and he was able to. He said he wanted to bring that up because it is easier to explain in committee than on the House floor.

REP. LINDEEN asked if any of the interest rates went up, especially Huntley Project irrigation district. **REP. MCCANN** said it had not changed.

REP. MCCANN closed by saying the total new loan applications come to \$6.9 million. He asked for support for HB 8 which takes a three quarters vote.

Motion/Vote: **REP. MCCANN** moved that **AMENDMENT HB000801 TO HB 8 BE ADOPTED. Motion carried unanimously.**

CHAIRMAN VICK said we may need some coordinating language with a bill that is currently in the House Local Government Committee. If we hang onto this for a few days we will know whether we need to do that or not if that bill passes. **CHAIRMAN VICK** said he would not take a DO PASS AS AMENDED at this time and the bill would wait in this form until. He said he would hold HB 6 so they could be discussed together on the Floor as well.

REP. MCCANN referred to HB 8 and asked the committee to recognize that they are pretty consistent. No one has been treated unfairly to where they are paying more interest on a project than someone else with the same type of project.

CHAIRMAN VICK said the language on the variable loans was a compromise. Some people wanted the whole thing to be 0% if it got above a certain point. We worked out a compromise so there would not be an incentive to borrow as much as possible, as that was not the intent. The three step rate of 4½%, 2.25% and 0% is a compromise that was worked out in committee and they tried to apply it to all similar type projects.

EXECUTIVE ACTION ON HB 456

Motion: **REP. TROPILA** moved that **HB 456 DO PASS.**

Discussion:

REP. FISHER said this bill goes to 200% of poverty level, about \$29,000. If you were making less than \$29,000 you could get the federal government to pay for 80% of these necessary surgeries. The other 20% would have to be paid for by the individual. Is that correct? **REP. CLARK** said no, you are eligible for the program at 200% of poverty. Then if you qualify for the program; i.e., you have cancer and need treatment, your treatment is paid for. **REP. FISHER** asked for clarification. Is the whole treatment paid for? **REP. BUZZAS** said 20% had to come from the state because that is how the program was funded. A patient has to go through the screening program, they can not apply directly to the federal government. **REP. FISHER** asked if the 20% can be matched with private funds. **REP. CLARK** said no. If you want the federal government to pay 80%, the state has to match with 20%.

REP. LEWIS handed out amendment HB045601, **EXHIBIT (aph53a14)** which would change the method of funding this program. It is a statutory appropriation of \$250,000 a year beginning immediately upon passage and would come from the principal of the tobacco trust fund. There is \$4 million in the fund and we will be putting in \$12 million a year in the future. He said people

voted for the trust fund for the purpose of dealing with health issues. Testimony indicated that smoking may have some implication for the diseases that are addressed in the bill. His objectives are to have a permanent source of funding, immediate access, and have the money come from the principal of the tobacco trust fund. It requires 2/3 vote of the legislature, but since it is such a high profile program, he said the 2/3 vote should be there. That way the funding would be locked up and would come automatically.

Motion: REP. LEWIS moved that **AMENDMENT HB045601 TO HB 456 BE ADOPTED.**

Discussion:

REP. BUZZAS said 72% of Montanans voted to establish a tobacco trust with 40% of the tobacco settlement dollars received. They did that so we would have a trust similar to the coal trust where you could use the interest from that account to pay for health care costs. The intent always was to use the interest. One argument may be that the interest has already been factored into the DPHHS budget for health purposes. In rebuttal however, we put 60% of the tobacco settlement dollars into the general fund and largely gave it away in tax relief. What you heard from the people of Montana is that they wanted that money spent on health. If we have already appropriated the money in HB 2 in DPHHS's budget: 1) that is not all settled yet and there is a chance we could still use that interest, 2) if we have done that it would be appropriate to fund this with the general fund. It is going against the wishes of 72% of Montanans to dip into the principal of the trust which they intended to be saved for perpetuity to spend on health care issues and prevention. **REP. LEWIS** said yes, 72% of Montanans voted for the trust fund, but 72% of Montanans also said that money could be used with a 2/3 vote of the legislature. The proposal to do this is not violating the "agreement" with the 72% of Montanans. **REP. BUZZAS** asked for input from others in the room, such as the Cancer Society.

Kristin Page Nei, American Cancer Society stated she appreciated what **REP. LEWIS** is trying to do with this amendment. This puts the American Cancer Society in a very difficult situation because they support this bill as it is proposed. They also were active in passing the tobacco use trust fund and they do not support using the principal for anything other than earning more interest, so the interest can be used for health care purposes.

REP. MCCANN commented this is something we don't want to leave unfunded. We don't want the bill to go down as well. We want the bill to leave committee. We know where we stand on our

general fund right now. He said he would be interested in hearing other suggestions from the committee as to where to find this money.

REP. WITT said he supported the bill and the amendment. He said he also supported using some of these funds for special education and kids K-12. That is probably not going to happen. He encouraged everyone to consider this idea, it is very important and everyone should step forward and support it.

REP. FISHER stated that **REP. WITT** said it all.

CHAIRMAN VICK said the other thing we can do on a bill like this is to take the appropriation out of it and make it contingent upon funding in HB 2. That is another option if this amendment would fail.

REP. DAVIES asked for clarification. The bill as written is calling for funding only from the tobacco settlement trust fund. He said he wanted to support the fund, but did not want to support taking any money out of general fund to do it. His concern is that when government is involved in health care, everything is done the way government wants. He said he had been interested in natural healthcare for quite some time and wanted to have a way for a woman to make a choice and be supported by this program. He said he knew that was not to be, so he would support this unless money is taken out of general fund.

REP. KAUFMANN said she needed to cast a negative vote on the amendment but wanted to explain that she believed this is an important bill, an important issue, and she wanted to see it funded. She said she is distressed with the choice **REP. LEWIS** had put them into. If the people who brought the bill forward say they can no longer support the bill when it is amended, she felt she also needed to resist the amendment. She said she hoped it is funded before the session is over. She told **REP. DAVIES** that choices are not entirely taken away. She said she is also interested in natural treatments for illnesses. The biggest choice we take away when we don't fund the program is the choice to be treated and hopefully brought back to health if you don't have the resources yourself.

REP. DAVIES stated that most know he is skeptical about the government's ability to solve a lot of the problems it gets involved in. He said his sister was in the hospital with cancer and so far had refused chemotherapy. Unless she got well enough to leave the hospital, she would not have the opportunity, because the doctors and the hospital can not support any choices as far as dying was concerned. With government involved what we

have in medicine, and one of the things that raised the cost so high, was that only approved research and approved methods are able to be used. Even doctors are controlled this way in private practice because if they choose a treatment that is not recommended, not approved by the FDA, and not successful, they would be open to a malpractice suit. This generally shuts down a large portion of medical research. That is why he doesn't want government insinuated into medicine any more than can be helped. He said he will support this if money is coming from the tobacco trust that was set up for medical treatment.

REP. BUZZAS said she lost a sister in law to cancer. They had plenty of money to cover insurance and the impact of the loss on the families is very hard. Her brother changed his mind about government involvement in treatment because he said they had access to treatment and saw how expensive it was. Cost should not be the deciding factor on whether they live or die, or do or do not get treatment. We have an opportunity with this bill and a very small amount of match to help a lot of people who are Montana citizens, relatives and friends. If we start breaking into the corpus of this trust, as we have talked about doing with the coal trust, soon it is gone.

REP. MCCANN asked where we are going to get the dollars to fund this. **REP. BUZZAS** said she just found out today that it had been put into DPHHS's budget. She said that should be looked at again. We do have interest building up and there will be a lot more interest down the road. The DPHHS budget should be looked at to see where the money has been allocated and if there are other ways to fund that. We should see how those were funded before. Maybe those were funded from the general fund. She said she would look into it after committee. **REP. MCCANN** said what will happen is we will take something from somebody else and fund it with those dollars, because this is a higher priority than a lot of the programs that exist. But we need to know the plan.

REP. BUZZAS said her only plan was to fund it as it was proposed in the bill. **REP. MCCANN** asked **CHAIRMAN VICK** if he was comfortable with TABLING the bill for the day. There would be no action on the bill until they have an additional plan as to what the options are, other than getting into the tobacco trust.

CHAIRMAN VICK said that would require **REP. LEWIS** and **REP. TROPILA** to withdraw their motions and they could discuss the option of TABLING the bill temporarily.

REP. LEWIS said he wanted the bill funded on a permanent basis and he wanted the money available this fiscal year. If another way could be found to do it, he said he would not refuse to withdraw the amendment.

REP. WITT said **REP. GUTSCHE** is the sponsor of this bill, and we are making the decisions. He said he took offense to the discussion of holding hostage, and he thinks the reverse is true. When he looked at the coal trust and what is happening in education, the reverse is also true. The students in Montana are being held hostage by the people that are against using the coal trust. We are hearing that here. He asked **REP. GUTSCHE** what she would like to do. **REP. GUTSCHE** said this is an extremely difficult position to be in, but she would not like to see this amendment go on. It is a small amount of money and we could easily get it out of the interest, but there is a difference of opinion here. There are lots of other things to fund. HB 2 may be an option, **Kristin Page Nei** has an idea about that. **REP. GUTSCHE's** preference is that the amendment be resisted and the bill be funded the way it was presented. **REP. WITT** said this committee is looking at \$125 million in bills that are coming through and there are many other bills that are important to the people of Montana also. Our job is to balance that and to do what is right. We are trying to figure a mechanism to fund this. **REP. GUTSCHE** said she appreciated the dilemma everyone is in and she appreciated the hard work everyone is doing. The interest from the tobacco trust fund was specifically designated to be used on health care. We don't know if everything off that interest in HB 2 is on health care. That would be one thing worth looking at, to see if it is all being used on health care. If it is not, we should be able to find this small amount of money in there.

REP. LINDEEN commented it is obvious this bill is important to everyone here. This is a life and death issue to some people in Montana, and it is not a decision to be made lightly. With an emotional issue like this, today is not the day when everyone is tired from dealing with HB 2 for four days to be making a sound, rational decision. She asked that further discussion be put off until tomorrow.

REP. TROPILA said if **REP. LEWIS** would withdraw his amendment, **REP. TROPILA** would withdraw his motion.

REP. LEWIS withdrew his amendment. **REP. TROPILA** withdraw his DO PASS motion.

CHAIRMAN VICK said several members have another committee meeting at 5PM and they would adjourn now, rather than do another bill. They will have discussion about this bill, but might wait several days to take executive action on it.

ADJOURNMENT

Adjournment: 4:30 P.M.

REP. STEVE VICK, Chairman

LINDA KEIM, Transcription Secretary

SV/PB/LK Transcribed by Linda Keim

EXHIBIT (aph53aad)